SREB

Linking Higher Education Performance Indicators to Goals

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Southern
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Board

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EDUCATIONAL BENCHMARKS 2000 SERIES

Goals for Education: Challenge 2000

BY THE YEAR 2000—

All children will be ready for first grade.

Student achievement for elementary and secondary students will be at national levels or higher.

The school dropout rate will be reduced by one-half.

90 percent of adults will have a high school diploma or its equivalent.

Four of every five students entering college will be ready to begin college-level work.

Significant gains will be achieved in the mathematics, sciences and communications competencies of vocational education students.

The percentage of adults who have attended college or earned two-year, four-year and graduate degrees will be at the national averages or higher.

The quality and effectiveness of all colleges and universities will be regularly assessed, with particular emphasis on the performance of undergraduate students.

All institutions that prepare teachers will have effective teacher-education programs that place primary emphasis on the knowledge and performance of graduates.

All states and localities will have schools with improved performance and productivity demonstrated by results.

Salaries for teachers and faculty will be competitive in the marketplace, will reach important benchmarks and will be linked to performance measures and standards.

States will maintain or increase the proportion of state tax dollars for schools and colleges while emphasizing funding aimed at raising quality and productivity.

The SREB Commission for Educational Quality, 1988

COLLEGE EFFECTIVENESS

BY THE YEAR 2000—

The quality and effectiveness of all colleges and universities will be regularly assessed, with particular emphasis on the performance of undergraduate students.

"Each state should spell out the kinds of assessment systems it requires. These assessment systems should take into account the diversity and differences in mission and scope among a state's colleges. At the same time the state has a responsibility — indeed, an obligation — to assert certain minimum expectations for all colleges and universities, on the one hand, and, on the other, to provide ways to identify and reward superlative performance. State systems for assessing institutional effectiveness should make the goals of the institutions widely known and report to the public the progress made in achieving these goals."

SREB Goals for Education, 1988

How are states measuring the effectiveness of higher education?

Nearly all SREB states have developed performance indicators that are being used to describe how higher education is responding to what policymakers and the public expect from higher education. Some states passed legislation during the past decade requiring colleges and universities to report on specific indicators. In other states, higher education agencies report on performance indicators as a part of the planning and budgeting process.

This report in the Educational Benchmarks 2000 series:

- tells what we have learned about reporting on higher education performance in the last 10 years;
- describes the kinds of information being used to inform policy-makers and the public about higher education;
- provides examples of how the information is linked to states' goals for higher education and is being reported; and
- illustrates how the information can help develop state and institutional policies and practices that are likely to achieve goals for higher education.

Why is it important that the public know more about higher education performance? The value higher education adds? The return on investment? Some say the reasons it is important are as simple as one, two, three.

1. The public increasingly insists on accountability for all of state government.
2. Competition for funding forces colleges and universities to show their efficiency and effectiveness.
3. Higher education must demonstrate its value to students, to business and industry, and to the public to gain the support it needs.

Mark Musick
SREB President

Linking Higher Education Performance Indicators to Goals

Ten years ago, no SREB state issued a comprehensive report on higher education that provided information directly related to the state's goals for higher education. Today, most SREB states do. All have identified indicators related to colleges' and universities' effectiveness and efficiency. Annual reports on higher education now include data and commentary on key indicators of progress toward goals.

That is not to say that all measures on which higher education should be judged are being reported. In addition, the measures being used are not always designed for the purpose of improving the effectiveness of programs or the efficiency of the process. Yet higher education agencies in the SREB states now have identified performance indicators that can provide the public and policy-makers with more and better information.

Why should we have performance indicators for colleges and universities? What kinds of information should policy-makers look for in reports on higher education? Can performance indicators and "report cards" on higher education bring about changes in policies and practices?

Why are measures of higher education's effectiveness needed?

Higher education is "the engine that drives the economy." That is not a cliché; many believe it is a truth that is becoming increasingly self-evident. Establishing goals and measures of effectiveness and reporting on progress can generate the public support needed to fuel the engine.

The general public greatly admires higher education but lacks understanding of it. Most people think that higher education is "a good thing" but do not comprehend its strengths and weaknesses.

Public perception is complicated by conflicting messages about higher education. Colleges and universities are not funded adequately but enrollments have expanded to record levels. Students have trouble getting into courses required for graduation but colleges are providing remedial instruction to many entering students. A "seamless web" of education may be in the future, but for now credits earned at two-year colleges too often do not count when students transfer to four-year colleges.

This report was prepared by Joseph D. Creech, SREB director of educational policy.

Skepticism about higher education can be heard in questions where higher education is discussed. Is there sufficient emphasis on teaching? Is research emphasized too much or does it lack focus? Do big-time athletic programs skew colleges' perspectives? Are ambitious administrators, faculty and supporters trying to expand institutional missions beyond the state's needs?

What have we learned from a decade of reporting on higher education?

■ There is more and better information available for making judgments about higher education now than 10 years ago.

Debate continues over the usefulness of some performance indicators. Yet, the performance indicators used by different states are similar.

Definitions of specific performance indicators continue to differ from state to state, but institutions within each state now use the same definitions for reporting purposes. The SREB-State Data Exchange is working with states to develop comparable data on graduation rates, continuation rates and faculty teaching loads for public institutions.

■ State agencies need to issue reports that link the information to established goals for higher education.

Reports should include information on trends, not just a one-year snapshot. State residents need to know the impact of the state's system of higher education and the long-term effects of changes in important indicators of progress.

Reporting too much on too many indicators can overwhelm the reader, and reporting too little can be misleading. State agencies continue to work toward finding an appropriate balance.

■ Most states have not established standards for what is "good enough" on the higher education indicators.

Reporting changes over time in the performance indicators shows policy-makers and the public whether improvement is occurring. Using similar measures to draw comparisons among peer institutions makes the indicators more meaningful. But states also should consider establishing standards for performance as well as indicators of progress. For example, what is a "good" graduation rate? What is the acceptable percentage of entering students who require a remedial course in mathematics? What is a "good" rate at which students transfer from two-year to four-year colleges?

■ Most SREB states now require colleges and universities to assess what college students know and can do when they complete general education courses or earn a degree. Few states require all colleges and universities to use a common measure.

Colleges and universities do assess what students know and can do. Individual colleges and unversities use various methods and examinations to assess college students' knowledge and skills upon completing general education programs or earning a degree. It is difficult to establish a common measure to be used by all colleges because each college or university has developed its own core general-education programs and course requirements for degrees.

In the absence of a common assessment, results on entrance examinations to graduate and professional schools and licensure examinations are being used as indicators of what college graduates know and of program quality. The students taking these examinations may not represent all college graduates, but these may be the only examinations taken by a significant number of students at different colleges and universities.

■ Measuring and reporting on performance can bring changes in institutional and state policies and practices.

By monitoring student performance and how an institution uses human and physical resources, states can identify how well policies and practices are working. State-level assessments of higher education have resulted in revised requirements for completing degrees; guidelines for transfers between two- and four-year colleges; changes in course pricing when the number of courses taken significantly exceeds the number required for a degree; and the elimination of duplicative programs.

What information is being reported about colleges' and universities' performance? Where can you find it?

In the 1990s state leaders called for changes in the way higher education does business. They expressed concerns about how much time and money students spend in completing college degrees, how much time faculty members spend in classrooms and with students, and whether students are being prepared for the challenges of an information age and a global economy. A decade ago, many state leaders believed colleges and universities and higher education agencies were unresponsive and arrogant when asked about these matters.

SREB states adopted legislation in the late 1980s and early 1990s that directed higher education agencies to collect and report information related to concerns expressed by state leaders.

Key questions about higher education and related performanc

(Note that some performance indicators respond to more than one question.)

How "good" are the programs offered by higher education?

- the number and percentage of programs that are accredited
- the results of program reviews by the institution, state higher education agencies, and associations such as the National Research Commission
- assessments of graduates by employers
- assessments of programs and services by students and alumni
- student evaluations of faculty
- alumni's assessments of how the college or university prepared them for careers or graduate and professional schools
- graduates' performance on certification and licensure examinations
- percentage of graduates who enter professional and graduate schools

Is higher education using its physical and human resources efficiently?

- number of student credit-hours taught at lower-, upper- and graduate-divisions
- number of hours classrooms and other facilities are used
- analysis of student demand for courses
- student/faculty and student/administrator ratios
- amount of time faculty spend teaching, researching and engaging in public service
- percentages of upper- and lower-division courses taught by full-time faculty, part-time faculty and graduate assistants
- use of technology for instruction
- expenditures per student

How well are entering students prepared for college?

- scores on college entrance examinations
- percentage of entering freshmen who have completed college-preparatory core courses
- percentages of applicants who meet college admissions requirements
- number and percentage of students who take remedial courses
- percentage of entering students who receive credit for Advanced Placement courses

ce indicators

What happens to students who enroll in colleges and universities?

- percentages of entering students who continue from year to year at the institution they first entered or transfer to other institutions and complete degrees
- length of time it takes students to complete degrees
- course availability in general education and in the major field of study
- percentage of students who transfer from two-year to four-year colleges
- number of degrees awarded

What do college students know and what can they do?

- college students' performance on assessments of general education
- percentage of graduates who pass certification and licensure tests
- graduates' scores on entrance examinations to graduate and professional schools
- job placement rates for graduates
- alumni's assessments of the preparation they received
- students' assessments of their instruction

How is higher education helping the state respond to changing social and economic conditions?

- availability of postsecondary educational opportunities to adults statewide
- enrollment trends by gender and race/ethnicity
- reports on public service by faculty
- research and development activities and expenditures
- percentage of high school graduates who continue their education
- percentage of adults in the state with college degrees
- information on impact of public service and research
- information on institutions' roles and missions
- percentage of graduates employed and information on annual incomes

During this same period, the Commission on Colleges of the Southern Association of Colleges and Schools added "institutional effectiveness" to its criteria for accreditation. As a result, accreditation reviews no longer focus only on resources but also emphasize results. In this context "institutional effectiveness" meant using information to "re-evaluate goals, to make essential improvements and to plan for the future."

Accrediting agencies list the following measures that frequently are used to assess institutional effectiveness:

- the percentages of entering students who return for their sophomore, junior and senior years and who complete degrees;
- students' achievement in general education and in their majors;
- surveys of students' perceptions of and satisfaction with their academic programs;
- opinions from students, alumni and employers about the quality of graduates;
- job placement rates of graduates;
- the number of students admitted to graduate and professional schools and their performance in these schools;
- the percentage of students who transfer and how they perform after transferring; and
- recognition by outside sources of students' and graduates' achievements.

Accreditation and program reviews also call for information about faculty qualifications; the number of student credit-hours produced; enrollment trends; the number of degrees awarded; ratios of students to faculty members; faculty members' research and public service activities; and the adequacy of classrooms, library facilities, student services and other support services.

The national "Student Right to Know" legislation requires colleges and universities to inform prospective students about the percentages of students who continue from year to year, graduate, get jobs or continue their education.

All of these actions mean that, at the close of the 1990s, colleges and universities and higher education agencies are providing much more information about performance than they were at the beginning of the decade. The kinds of information now being reported are shown on pages 8 and 9.

What is the effect of reporting on higher education performance?

Public support for higher education can improve

Clear, concise, matter-of-fact reporting on things that matter intuitively to the public can answer many questions about higher education's priorities. How many and what percentage of high school graduates enroll in college? How prepared are they for college-level work? What percentage of students who begin college complete programs and earn degrees? How long does it take to complete a degree? What kinds of jobs do college graduates get, and how much do they earn? What percentage of college graduates go on to professional schools and graduate schools?

Illustrations of reporting on higher education performance

The Tennessee Higher Education Commission reports annually to the legislature on colleges' and universities' progress toward goals established in 1989. The report includes information about data and trends in enrollment; the percentage of entering students who need remedial courses; the rates at which students continue from year to year, transfer, graduate and find employment; performance on professional licensure examinations; performance on examinations that measure general education; the number of teacher education graduates and pass rates on the licensure examination; expenditures on research and public service; faculty salaries and state appropriations for higher education; and student financial aid. The report is about 50 pages long and presents the performance indicators in a straightforward manner.

For more information, contact the Tennessee Higher Education Commission, Suite 1900, Parkway Towers, 404 James Robertson Parkway, Nashville, TN 37219-5380. (www.state.tn.us/thec)

The Texas Higher Education Coordinating Board issues a biennial report on statewide trends in higher education. While the report is designed primarily for legislators, the public also may find the information important and useful. The report focuses on five issues facing higher education: quality; access; diversity in educational offerings; funding; and leadership and management. The report examines information and actions related to improvements in quality, expansion of access, promotion of educational diversity, changes in funding and improvements in the use of human and physical resources.

For more information on *Higher Education in Texas: 1998 Status Report,* go to www.thecb.state.tx.us/divisions/grpi/statohe98/statmain.htm.

In response to legislative directives, the University of North Carolina General Administration issues reports throughout the year about the effectiveness of student learning, faculty quality and development, and progress toward achieving institutional missions. Each report focuses on indicators related to a specific interest: academic, student and administrative services; orientation and advising services; alumni employment; student gains and educational goals; and teaching effectiveness and quality of education.

For more information go to www.ga.unc.edu/UNCGA/assessment.

Reporting on higher education performance (continued)

West Virginia's *Higher Education Report Card* summarizes strategic plans for public colleges and universities and reports on key indicators in several areas: student preparation for college; access to higher education; student outcomes; economic and work-force development; productivity; and characteristics of faculty and staff. The indicators monitor progress toward six goals spelled out in legislation: "better preparing students to enter college; providing greater access to higher education for all West Virginians; preparing students to compete in a global economy; focusing resources in those areas which offer the greatest opportunities for students and for job creation and retention; using resources to their maximum potential to ensure that West Virginia higher education is more productive; and compensating faculty and staff at competitive levels to attract and retain quality personnel."

For more information go to www.scusco.wvnet.edu/www/data/rc99/rc99.htm.

Higher education performance indicators can be linked to budgeting decisions

States increasingly link performance indicators to budgeting and resource allocation. Most states use performance indicators for informational purposes in institutional and state budgeting. Information on performance is considered in deciding whether to provide funding to continue programs or to develop new ones. Some states also provide incentive funding that institutions can earn by achieving certain goals.

The higher the stakes (i.e., funding, rewards and incentives), the more important it will be for states to ensure that the information reported is valid and accurate. State leaders and educators must pay careful attention to what is being measured and to the quality of the information gathered. One observer has noted that "what is measured is not always important and what is important is not always measured."

Illustrations of linking higher education performance to budgeting

In 1984 Tennessee began basing part of its funding for higher education on institutions' progress on a limited number of indicators. Now about 5.5 percent of funding is based on 10 performance indicators in what is the nation's longest-standing program of its kind. Every public college or university can earn additional funds by meeting performance goals. Even after 15 years, policy-makers continue to periodically review the indicators that are used, how they are defined, and debate whether the additional funding is sufficient to motivate institutions to change their policies and practices. Institutional performance on indicators has improved over the years. Currently the performance funding system is being reviewed to determine what changes, if any, need to be made.

Linking higher education performance to budgeting (continued)

Florida legislation creates a direct link between colleges' and universities' performance and a portion of the state's appropriations. For example, performance indicators first were used in determining about 2 percent of the total 1996-97 appropriations to Florida's community colleges. A review of the system found that the incentive fund provides a simple, straightforward way to distribute incentive money to community colleges. The review recommended developing more comprehensive performance measures, improving data quality and now establishing standards for performance. Results show some improvement in the percentages of students completing programs and the amount of time it takes to complete programs. The State University System of Florida began participating in 1997-98.

For more information go to www.oppaga.state.fl.us/reports/topic/eductop.html.

South Carolina legislation calls for all funding of higher education to be based on performance indicators. This is the nation's most ambitious performance-funding legislation. South Carolina has identified 34 performance indicators that vary for each sector of postsecondary education: two-year technical colleges; two-year campuses of the University of South Carolina; comprehensive colleges and universities; and research universities. South Carolina's performance indicators fall into nine categories:

- mission focus;
- faculty quality;
- instructional quality;
- institutional cooperation and collaboration;
- administrative efficiency;
- entrance requirements;
- graduates' achievements;
- institution's user-friendliness; and
- research funding.

The South Carolina Commission on Higher Education establishes funding levels for each institution to meet its mission. These levels are based on projected enrollment by discipline and include projected costs for instruction, research, public service, libraries, student services, physical plants and administration. Each institution's revenues are subtracted from the total cost of its operations to identify the amount of state funding needed. The performance indicators then are used to determine the percentage of state funding each institution will receive.

For more information go to www.che400.state.sc.us/web/performe.htm.

Performance indicators can bring about changes in statewide and institutional policies and practices

State higher education agencies and colleges and universities throughout the SREB region are making efforts to improve policies and practices. The following examples show how performance indicators can lead to improvement.

Illustrations of changes in policies and practices

The Oklahoma State Regents for Higher Education uses performance indicators to focus resources on high-priority academic programs and student services. As a result of this system of academic planning and resource allocation, more than 600 duplicative and lower-priority programs have been eliminated since 1991. Millions of dollars — nearly $7 million in the last two years — have been redirected to higher-priority programs and services.

For more information go to www.okhighered.org/studiesreports.html.

The University of North Carolina General Administration collects data from all 16 campuses and reports on student retention and graduation rates; students' ratings of instruction and programs; entering students' academic preparation; results of internal and external program reviews; and faculty research and community service. Data collected helped individual campuses to focus their attention on problems such as the low percentages of students returning to college from year to year, the low percentage of students earning degrees, and the length of time students were taking to complete degrees. Institutions were required to submit plans to improve retention and graduation rates. Students who exceed the number of hours required for an undergraduate degree by 15 percent now must pay the full cost of the additional courses. These actions have resulted in a steady increase in the percentages of students who return for their sophomore, junior and senior years and who graduate.

For more information go to www.ga.unc.edu/UNCGA/assessment.

The University of Florida found that many students took far more credit-hours than required for the final degree and that about one-half of those hours could be eliminated by improving students' progress through the system. The university implemented a university-wide system to track students, improved access to and the quality of academic advising, and ensured that core classes were available each semester. As a result, more students are being admitted and more are returning from year to year.

For more information see "Measuring University Performance" (various reports), University of Florida, Office of Institutional Research, at www.aa.ufl.edu/aa/oir/.

Is reporting on higher education useful?

Assessing higher education's quality and effectiveness and reporting the results take time and effort by institutions and state agencies. Setting expectations and standards based on performance indicators can help a state judge the adequacy and benefits of its higher education system.

This fact might be illustrated best by an excerpt from *Vision 2020: An Agenda for Kentucky's System of Postsecondary Education:*

"The following questions help shape our plans and actions. They identify some concrete, tangible indicators of what should result from our efforts. These indicators need to be made specific for the system and its member institutions. Then they need to be measured to determine the extent of our success. Offered now, they help us to begin with the ends in mind.

"Are high school graduates going on to postsecondary education in greater numbers? Are they fully prepared when they get there? Are they advancing through the system smoothly and in a timely fashion? Are they graduating in greater proportions?

"Are we helping people prepare themselves to lead fulfilling lives, be good workers and perform their civic responsibilities? Are our students ready for the global marketplace of the 21st century?

"Is Kentucky creating its own businesses as well as attracting new businesses, industries and jobs? Are Kentucky employers able to find the qualified employees they need? Are continued training opportunities available to keep workers' skills up-to-date? Are major industries and small businesses receiving adequate advisory and research support? Are governments and corporations investing more research-and-development dollars in Kentucky's research universities?

"Have our schools, colleges and universities become nationally respected for their progress and their commitment to helping build better lives for all Kentuckians?" (For more information go to www.cpe.state.ky.us/.)

As the Southern Regional Education Board noted in the 1990s, performance indicators and higher education report cards are most valuable when:

- the information leads to improvements in campus operations and student learning;
- the information helps the public understand higher education's role in today's society; and
- the information contributes to better policy-making at the state level.

Selected Reports on Higher Education, SREB States

Enhancing Our Strengths Through a Shared Vision: Planning for Alabama Higher Education 1996-2000 and *1997-98 Annual Report,* Alabama Commission on Higher Education, 1999

Fact Book: Arkansas Public Higher Education and Student Enrollments, Fall 1998, Arkansas Department of Higher Education, 1999

Fact Book, Delaware Higher Education Commission, 1999

1999 Annual Report — Challenges, Realities, Strategies: Progress in Implementing the Master Plan for Florida Postsecondary Education in the 21st Century, Florida Postsecondary Education Planning Commission, 1999

A Vision for the University System of Georgia and *Information Digest,* University System of Georgia, 1999

The 1999 Status Report to the Governor and General Assembly and *2020 Vision: An Agenda for Kentucky's System of Postsecondary Education,* Kentucky Council on Postsecondary Education, 1999

Accountability Report, Louisiana Board of Regents, 1999

1999 Data Book and *1999 Trend Book,* Maryland Higher Education Commission, 1999

IHL System Profile and *The Almanac*, Mississippi Institutions of Higher Learning, 1999

Statistical Abstract of Higher Education in North Carolina and reports on topics such as remediation; retention, graduation and time-to-degree; research and public service activities; and teaching workload. University of North Carolina General Administration, 1999

Student Data Report and *Annual Employment Outcomes Report,* Oklahoma State Regents for Higher Education, 1999

Minding Our "P's" and "Q's": Indications of Productivity and Quality in South Carolina's Public Colleges and Universities, South Carolina Commission on Higher Education, 1999

The Status of Higher Education in Tennessee, Tennessee Higher Education Commission, 1999

Higher Education in Texas, 1998 Status Report, Texas Higher Education Coordinating Board, 1998

Core Performance Measures for Higher Education, 1998, Virginia Department of Planning and Budget; *Strategies for Excellence: Advancing Virginia Higher Education,* State Council for Higher Education in Virginia, 1999

West Virginia Higher Education Report Card 1999, Central Office of the State College and University Systems of West Virginia, 2000